

Projections of Calendar Year

Individual Returns by Major Processing Categories

Spring 2004 Update



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Overview of Tables and Methodology

There are 7 tables presented in the attached projections. The information contained in each table is summarized below.

- 1A-B. Table 1A is the first table normally presented in IRS Document 6187. It contains the U.S. level projections through calendar year 2007 for most of the processing categories forecasted. This includes breakout by form type; full-paid vs. other-than-full-paid; e-file by type (on-line filed, Telefile, etc.); refunds; e-file by refund vs. balance due; and a few other sorts. Table 1B contains U.S. level projections by business operating divisions through the year 2007, by paper and e-file.
- 2A-D. Table 2A presents total individual paper returns (the sum of paper Forms 1040, 1040A, and 1040EZ) at the U.S. and IRS processing centers through 2005. Tables 2B-D present the U.S. and IRS processing center level projections by form types (Forms 1040, 1040A and 1040EZ) through 2005. **Please note that the center alignment for paper returns for 2006 and beyond has not been finalized.**
- 3A-D. Tables 3A-D present full-paid volume of paper returns at the U.S. and processing center locations. These volumes are shown at the total level and by form types (Forms 1040, 1040A and 1040EZ) for 2003 through 2005. For all of the years presented, the alignment of states to processing centers continues to change for filers in certain states, as a result of modernization. **Please note that the center alignment for paper returns for 2006 and beyond has not been finalized.**
- 4A-D. Tables 4A-D present other-than-full-paid volume of paper returns at the U.S. and processing center locations. These volumes are shown at the total level and by form types (Forms 1040, 1040A and 1040EZ) for 2003 through 2005. For all of the years presented, the alignment of states to processing centers continues to change for filers in certain states, as a result of modernization. **Please note that the center alignment for paper returns for 2006 and beyond has not been finalized.**
- 5. The table presents U.S. level paper and electronic refund volumes for 2003 through 2005. In addition, center level volumes of paper refund returns are presented.
- 6A-E. Tables 6A-E presents the electronic returns projections for 2003 through 2011. These include total electronically filed returns, standard electronically filed returns (the sum of On-Line filed and Practitioner filed), On-Line filed, Practitioner filed, and Telefile returns. The projections are presented at the U.S. and processing center levels. Please note that the standard electronically filed returns with International addresses are processed at the Philadelphia IRS Center.
- 7. The table presents electronic volumes at the U.S. and center level by form type (Forms 1040, 1040A, 1040EZ) through 2011. Please note that the standard electronically filed returns with International addresses are processed at the Philadelphia IRS Center.

Also note that because of rounding and the myriad of computations involved in the production of these tables, any particular figure in one table that is repeated in another table may differ by a few hundred.

Methodology

Combinations of various forecasting methods were used to develop the litany of projections presented in the attached tables. However, only an overall summary of these approaches is provided below. Customers seeking a more detailed explanation of the projection methodologies are welcome to contact members of my individual returns projection team, which includes Andre Palmer (202)874-0588 and Michelle Chu (202)874-0593.

In general, these broadly defined forecasting approaches were used.

- In most instances, 2004 filing season results through end of April were used to develop full calendar year (CY) estimates for all the various components. These CY 2004 full year estimates were then included as part of the “base period” for most models—models that start by trending historical experience.
- Regression models based largely on total employment were used to set the total Form 1040 series (defined as the sum of paper Forms 1040, 1040A, 1040EZ, standard electronically filed returns, including practitioner and on-line filed returns) at the U.S. level. Similar analysis was used to project refund volumes and paper full-paid by form type.
- Trend extrapolation models, such as time trends and moving average models, were used to set the state level forecasts such as those by form type, for refunds, and by full-paid versus other-than-full-paid.
- The e-file forecasts were also derived from trend extrapolation methods. However, the actual forecasted values typically reflected corresponding e-file participation rates (rather than their nominal values). The extrapolation methods were also built according to the “S” curve, innovation diffusion model that is indicative of the growth pattern for new products. An important future trend that will continue to impact e-file forecasts includes additional states passing mandates to e-file state returns.

State to Center Alignments

The alignment of states to their processing center differs for returns filed on paper, “standard” e-file returns submitted by practitioners and on-line, and returns filed through the TeleFile program. As a result of modernization decisions and the movement toward fewer processing centers for individual returns, the alignment of states to centers for paper returns differs from year to year for all of the published periods. In addition, decisions on the center alignments for paper returns for 2006 and beyond has not been finalized. For reference purposes, we have included the following tables that present varying alignments for paper returns.

Configuration of IRS Centers for Paper Individual Returns—2003 Alignment

Andover IRS Center

Maine
Massachusetts
Michigan
New Hampshire
Part of New York
(former Albany and Buffalo Districts)
Rhode Island
Vermont

Fresno IRS Center

Alaska
Arizona
California
Hawaii
Idaho
Nevada
Oregon
Washington

Atlanta IRS Center

Florida
Georgia
Mississippi
North Carolina
South Carolina
West Virginia

Kansas City IRS Center

Illinois
Indiana
Iowa
Kansas
Minnesota
Missouri
Nebraska
North Dakota
South Dakota
Utah
Wisconsin

Austin IRS Center

Colorado
Kentucky
Louisiana
Montana
New Mexico
Oklahoma
Texas
Wyoming

Memphis IRS Center

Alabama
Arkansas
Ohio
Tennessee
Virginia

Brookhaven IRS Center

Part of New York
(former Brooklyn and Manhattan
Districts)

Philadelphia IRS Center

Connecticut
Delaware
International
Maryland
New Jersey
Pennsylvania

Configuration of IRS Centers for Paper Individual Returns—2004 Alignment

Andover IRS Center
New Hampshire
New York
Maine
Massachusetts
Vermont

Montana
Nevada
Oregon
Utah
Washington
Wyoming

Atlanta IRS Center
Alabama
Florida
Georgia
Mississippi
North Carolina
Rhode Island
South Carolina
West Virginia

Kansas City IRS Center
Delaware
Illinois
Indiana
Iowa
Kansas
Michigan
Minnesota
Missouri
Nebraska
North Dakota
South Dakota
Wisconsin

Austin IRS Center
Arkansas
Colorado
Kentucky
Louisiana
New Mexico
Oklahoma
Tennessee
Texas

Memphis IRS Center
Ohio
Virginia

Fresno IRS Center
Alaska
Arizona
California
Hawaii
Idaho

Philadelphia IRS Center
Connecticut
International
Maryland
New Jersey
Pennsylvania

Configuration of IRS Centers for Paper Individual Returns—2005 Alignment

Andover IRS Center
Maine
Massachusetts
New Hampshire
New York
Vermont

Atlanta IRS Center
Alabama
Florida
Georgia
Mississippi
North Carolina
Rhode Island
South Carolina
West Virginia

Austin IRS Center
Arkansas
Colorado
Kentucky
Louisiana
New Mexico
Oklahoma
Tennessee
Texas

Fresno IRS Center
Alaska
Arizona
California
Hawaii
Idaho

Montana
Nevada
Oregon
Utah
Virginia
Washington
Wyoming

Kansas City IRS Center
Connecticut
Delaware
Illinois
Indiana
Iowa
Kansas
Michigan
Minnesota
Missouri
Nebraska
North Dakota
South Dakota
Wisconsin

Memphis IRS Center
Ohio

Philadelphia IRS Center
International
Maryland
New Jersey
Pennsylvania